



Written Testimony by Shannon C. Trotter, DO
to the House Ways and Means Committee
in Opposition to HB 49, Main Operating Budget

Wednesday, March 22, 2017

My name is Dr. Shannon Trotter and I am a board-certified dermatologist and President of the Ohio Dermatological Association. I currently work at the Ohio State University and am also in private practice with Oakview Dermatology. I am writing in opposition to the proposed tax on cosmetic medical procedures in HB 49 the FY18-19 budget and urge you to remove this provision from the bill.

Although this tax is intended to apply to only cosmetic medical procedures, I am deeply concerned there are several other medically necessary procedures that could be subject to the tax. For example, I had a patient with excessive sweating of the armpits and needed injection with Botox. Often, this is not covered by insurance and could cost the patient even more if taxed.

If passed, this proposal will require state tax officials to understand the nuances of surgical cases where the tax may apply. This could result in their auditing of private and confidential patient medical records and photographs to determine if a procedure is cosmetic or reconstructive. In addition to being a compliance nightmare for the Department of Taxation – violations of federal patient privacy laws, even if inadvertent, are severely punished – it makes tax collectors responsible for evaluations well beyond their capability. As I explained in my example above the line between what is cosmetic and what is reconstructive is not always bright, and basing a tax on that distinction will demand widespread, complex and risky auditing of individual medical practices.

I know this committee has already heard testimony about the failed track record for cosmetic surgery taxes, most notably in New Jersey, but I think it is worth repeating. New Jersey projected revenues at \$24 million annually, similar to that in Ohio, but ultimately only raised an average of \$7.6 million, a 70 percent shortfall. Further, an independent economic analysis of the tax from 2005-2008 revealed that for every \$1.00 the state brought in with the tax, \$2.94 was lost. This was a result of patients going across state lines to seek medical care in states which do not have a tax. Because the entire economic value of the cosmetic medical encounter is lost, the impact on the state goes beyond the lost sales tax revenue and also directly hits corporate and personal income tax revenue.

These flaws led to repeal of the New Jersey tax, and they have stopped other state legislatures from advancing proposed cosmetic taxes. I urge you to remove the proposed tax on cosmetic medical procedures from HB 49.

Thank you for your consideration of this important issue.